

Identification of the Area

Name or Designation: **Area 47: Vashon & Maury Islands**

Boundaries:

Area 47 encompasses both Vashon & Maury Islands, which are located within the Puget Sound, to the west of Seattle. The islands are connected by an isthmus between Tramp and Quartermaster Harbors.

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

Area 47 -Vashon & Maury Islands inhabit an area approximately 12 miles long and 8 miles wide, at the widest point. The area covers roughly 37 square miles or 23,680 acres, and houses a population of approximately 11,000 persons. The islands are accessible only via boat or private airplane. The Washington State Ferry system provides public access to the islands via four routes. The two ferry docks located in King County are within the Seattle city limits. A passenger only ferry located at Pier 50 services Seattle's central business district and the Vashon Terminal on the northern portion of the island. An auto/passenger boat route travels from West Seattle's Fauntleroy Ferry Terminal to the Vashon Terminal. The northern tip of Vashon Island is due west of the Fauntleroy Ferry Terminal. Additional access to the Vashon Terminal is available from Southworth, on the Kitsap County Peninsula. A ferry from Point Defiance in Tacoma, which is located within Pierce County, connects to the Tahlequah Terminal in the southernmost portion of Vashon Island. Private boats have access to the islands through public and private docks. The Vashon Municipal Airport is a small private airport in the northern portion of Vashon Island.

Residential land use consists primarily of detached single family homes generally situated on five and ten acre parcels. Additionally, approximately fifty apartment units are located in the town of Vashon.

The principal business district on the island is Vashon Center located approximately three miles south of the Vashon ferry landing, on Vashon Highway between about Southwest 168th Street and Southwest 204th Street (portions of neighborhoods 10, 20 &30). This area consists of a community shopping center, two strip retail centers, and free standing retail buildings, as well as

general office space. A smaller business district, known as Burton, is located about two miles to the south on the north side of Quartermaster Harbor.

Development activity on Vashon & Maury Islands has historically been very slow for a number of reasons. The islands maintain a degree of isolation from the mainland due to the lack of a bridge to provide easier accessibility. A potential to increase in development activity would receive minimal support from many residents, since they believe a dramatic change in the rural character of the island may result. Development is also limited by a lack of available fresh water. The full impact of the water shortage is impossible to quantify as no centralized water authority exists; rather, the island has several independent purveyors. The gravity of the water shortage must be taken into consideration in determining the market value of land within the water district. Landowners in the town of Vashon have documented substantiation of a building moratorium with Resolution 778, which resulted from the inability to connect to fresh water supplies. According to Water District 19, they have a waiting list for 499 water units from property owners (2/2003). No one on the waiting list will probably be accommodated in the foreseeable future.

The above factors affect the valuation of Vashon properties, particularly in the Vashon business district. Even though isolation of the islands shield some of the development pressures experienced in other parts of King County, the demand that does exist for improved and unimproved commercial properties on Vashon confronts a highly inelastic supply. Thus, existing developed commercial space and the land beneath the improvements may prove more valuable than they would be without the constraints that limit new development.

Area 47-10

Area 47-10 is the northern half of the downtown core, with the southern boundary located at Southwest Bank Road. The neighborhood includes all of sections of plat maps 30-23-03 and 29-23-03. There are approximately 59 commercial properties located within this neighborhood. Most of the commercial real estate activity is seen in neighborhoods 10 and 20. Area 47-10 was physically inspected during the 2001 revalue.

Area 47-20

Area 47-20 is the southern half of the downtown core, with the northern boundary located at Southwest Bank Road. The area includes all of sections of plat maps 31-23-03 and 32-23-03. There are approximately 80 commercial properties located within this neighborhood. New construction in 2001 and 2002 included the Island Lumber and Hardware Store, and a 19,000 SF building located just south of the Thriftway Retail Shopping Center. A public storage facility is currently under construction in this area. Area 47-20 was physically inspected during the 2001 revalue.

Area 47-30

Area 47-30 is directly south of economic neighborhoods 10 and 20, and includes commercial parcels in all the plat map sections of 5, 6, 7, and 8-22-03. The north central portion of area includes a few CB zoned parcels. There are approximately 52 commercial properties in this area. Area 47-30 was physically inspected during the 2002 revalue. The 2002 inspections included the commercial properties south to approximately Southwest Quartermaster Drive.

Area 47-40

Area 47-40 is comprised of the commercial parcels which lay in the northern portion of Vashon Island found in all plat map sections with township 23, but not in the economic areas of 10, 20, or 30, and also in all plat map sections up to 12 with township 22. This area has a configuration similar to that of a horseshoe, with the outer edge extending along the northern, eastern and western island boundaries of Vashon Island. There are approximately 45 parcels in this economic area. Area 47-40 was physically inspected during the 2003 revalue.

Area 47-50

Area 47-50 contains the commercial parcels lying in the southern part of Vashon Island and Maury Island. The area is contained within plat map sections with township 22, and ranges 2 and 3, as well as three parcels contained in map SE 2-21-2. The smaller towns of Burton and Dockton are located within this area. A conglomeration of properties with a variety of uses ranging from volunteer fire stations, water towers, community halls, parks, the Tablequah Ferry Terminal, Glacier NW sand and gravel quarry, to several television transmitters are sprinkled throughout this area. There are approximately 52 parcels in this economic area. Area 47-50 was physically inspected during the 2003 revalue.

Preliminary Ratio Analysis

A Preliminary Ratio Study was completed just prior to the application of the 2004 recommended values. This study benchmarks the current assessment level using 2003 posted values. The study showed a Weighted Mean Assessment level of 92.2% with a COD of 8.61%, a COV of 10.77% and a PRD of .96. The study was also repeated after application of the 2004 recommended values. The new COD and COV indicate the uniformity levels at 8.19% and 10.81% respectively. The Weighted Mean Ratio decreased to 90.5% and the PRD increased to .97. It should be noted there were only 8 improved sales (the first of two sales of Quartermaster Harbor Marina was excluded from the ratio study) for a population of 177 improved properties, too few sales for a solid analysis of assessment level, uniformity, or equity. Therefore, these results are not considered to provide any statistical significance.

Scope of Data

Land Value Data:

Vacant commercial land sales transactions during the time period ranging from January, 1999 to January, 2004 were researched for the 2005 Assessment rolls. Ten sales, occurring between August, 1999 and July, 2003, were given primary consideration in the valuation of commercial zoned land parcels. The sales are located primarily within the Vashon Business District.

Neighborhoods 47-40 and 47-50 are the outlying areas of Vashon and all of Maury Island. With the exception of a limited number of parcels in Burton and Dockton zoned NB, Neighborhood Business, and in Maury Island, zoned M, Mining, the majority of the parcels have residential zoning designations, RA-2.5, RA-5, and RA-10. Uses on the residentially zoned parcels encompass churches, fire stations, parks, and water district land, as well as other pre-existing commercial uses. The assessor has utilized the 2002 Land Model developed by the Residential Division of King County Department of Assessments to value the residentially zoned parcels assigned to the Commercial Division of King County Department of Assessments. The analysis includes Upland and Waterfront Land Schedules, which consider both lot size and neighborhood criteria with corresponding adjustments for positive and negative impacts. One hundred and forty seven vacant land sales occurring between January, 1999 and February, 2001, which have been verified as market sales, provide the basis of the analysis. (Refer to the 2002 Area Residential Area Report for Vashon Island – Area 100 for additional information).

Improved Parcel Total Value Data:

Only eight improved sales from July, 2001 to March, 2003 were available to establish a market relationship for similar properties that were not sold. Sales information was obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information was analyzed and investigated by the appraiser in the process of revaluation. All sales were verified, when possible, by contacting the purchaser, seller, or realtors involved in the transaction. Characteristic data was verified, when possible, for the sales. Due to time constraints, interior inspections were limited. Sales are located in the “Sales Used” and “Sales Not Used” sections of this report. Additional information resides in the Assessor’s procedure manual located in the Public Information area of the King County Administration Building.

Land Value

Land Sales, Analysis, Conclusions

The valuation of land in the Vashon business district, consisting of neighborhoods 10, 20, and the northern portion of 30, is based upon land sales with similar zoning designations, such as CB, Community Business, and R1-12, Urban Residential. The business district was physically inspected for the 2001 revalue and land assessments were increased to reflect the vacant land sale history. Minimal changes were made for the 2002 revalue and fairly stable for the 2003 revalue due to the limited new sales pool. For the 2004 revalue (2005 Assessment Roll), the Assessor has determined further changes to the land values in the business district are still not fully supported.

The issue of water rights continues to play a significant role in the valuation process, with resulting negative impact for parcels without water rights. King County Water District 19, located at 17630 100th Avenue Southwest, maintains a list of property owners who retain water rights. The Assessor has made an effort to identify which parcels have been allocated water units. If a parcel did not have at least one water unit, a fifty percent discount was applied to recognize the resulting loss in development ability. Due to the limited market activity, appraisal judgment was utilized to arrive at the rate of discount. Under the current moratorium, parcels without water rights are precluded from development (see Resolution No. 778 as adopted at a regular meeting of the Board of Commissioners of Water District No. 19 held on February 13, 1996.) An application to be placed on the waiting list requesting to purchase unused water units that have been sold back to the Water District from other land owners provides a remote chance of acquiring water. At the present time, the waiting list is prohibitive and the total water units within the island stay static. Development activity is generally more contingent on the ability to support a desired use with quantity of water units held by an individual parcel rather than strictly the zoning parameters of the parcel. Water units are parcel specific; however, transfer of units between parcels with contiguous ownership is permissible in the event multiple units are owned. One water unit allows parcel development use not exceeding an average water usage of 800 gallons/day (600 gallons/day for multi-family housing.)

The following table is an overview of the land valuation schedule for the Vashon business district, which encompasses neighborhoods 10, 20, and the northern portion of 30.

Land Valuation Schedule of the Business District

<u>Neighborhood</u>	<u>Zone</u>	<u>Price</u>	<u>unit of measure</u>
10,20,30	CB,CBP	\$5 - \$15/SF	square foot
	R4 - 12	\$6 - \$7/SF	Single site < 24,000 SF
	R4 - 12	\$2 - \$5/SF	Single site > 24,000 SF
Range of unit values reflect lot size and proximity to the "heart" of the downtown core, the intersection of Vashon Highway SW and SW Bank Road. The highest value per square feet closest to this intersection.			

The parcels located in Neighborhoods 40 and 50 were physically inspected for the 2003 revalue. The zoning is primarily residential, with the exception of Neighborhood Business zoning in Burton, and Dockton. Residential zoning includes parcels with RA-2.5, RA-5, and RA-10 designations. The residentially zoned properties under the commercial appraisal jurisdiction had fallen significantly below the assessment levels of the neighboring residential properties with similar zoning. As previously discussed, primary market data available in the 2002 Residential Land Valuation Schedule was utilized in the land valuation analysis for properties with a commercial use on a residentially zoned parcels (refer to the 2002 Area Residential Area Report for Vashon Island – Area 100.) The highest and best use of residential zoned land with a commercial use within these neighborhoods, if vacant, would most likely be residential. Assessment rates remained fairly static for the 2004 revalue.

Approximately, two hundred eighty three non-specialty parcels on Vashon & Maury Islands fall under the jurisdiction of the Commercial Division of the Department of Assessments. The 2003 assessed land value totaled \$48,509,700 and the 2004 total assessed land value totaled \$48,509,100. The 2004 assessed land values remain relatively constant in comparison to the 2003 assessed values, with the exception of determinations to maintain uniformity.

Grids of vacant sales used are noted within the following chart.

Vacant Sales for Area 047 with Sales Used

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par . Ct.	Remarks
047	010	302303	9041	9,726	1780706	\$60,000	10/04/00	\$6.17	VACANT	CBP	1	limited development potential as access widening required;limits space available to develop;1 water unit
047	010	302303	9056	15,600	1707368	\$205,000	08/24/99	\$13.14	VACANT	CBP	1	fronts on Vashon Highway SW, 1/2 block north of Bank Rd. in the heart of the business district; 1 water unit
047	010	302303	9096	212,572	1892126	\$350,000	06/14/02	\$1.65	SPLIT ZONING CBP/RA5 WITH OLD SFR	CBP	1	com zoning on east 1/2 adj Vashon Hwy, res zoning on west 1/2, buyer will dev commercial- min value SFR
047	010	085550	0270	78,483	1787191	\$272,000	11/13/00	\$3.47	VACANT	R12	1	multi-family housing site 2 blocks east of Vashon Highway SW; 16 water units, proposed 21 unit senior apt.
047	010	292303	9148	316,245	1846770	\$185,000	10/11/01	\$0.58	UPLAND MOBILE HOME PARK	R4P	1	just NE of central business district, value in land, 6 water units
047	020	322303	9114	337,590	1809575	\$1,500,000	03/16/01	\$4.44	VACANT COMMERCIAL LAND	CBP	1	site of new lumber/hardware store, 15 water units, price set 9/00, no market exposure, out of state seller
047	020	312303	9130	99,317	1872999	\$200,000	03/06/02	\$2.01	VACANT	CBP	1	no water units, 20,790 SF of western portion is 60' esmt for residential properties
047	020	284620	0050	7,454	1874819	\$180,000	03/19/02	\$24.15	VACANT COMMERCIAL LAND	CBP	1	coded purchase by adj owner, no water share, parking for adj drugstore & future invest,
047	020	284620	0070	7,740	1973645	\$200,000	07/15/03	\$25.84	VACANT LAND	CBP	1	1 water unit, no market exposure, 1 block west of Vashon Hwy SW
047	030	062206	9092	159,000	1942236	\$275,000	02/26/03	\$1.73	VACANT LAND	IPSO	1	no water units, previously sold 5/21/01 for \$125,000

Improved Parcel Total Values:

Sales comparison approach model description

The limited number of sales prevented the development of a statistically significant model for adequate sales comparison.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. In most instances, cost estimates were considered value indicators for exempt properties, such as schools and churches, and new construction projects. The cost approach was also occasionally utilized in the valuation of non-exempt property, especially in circumstances where insufficient market rent data is available to apply the income approach to value.

Cost calibration

The Marshall & Swift cost modeling system built in to the Real Property Application is calibrated to the region and the Seattle area.

Income capitalization approach model description

Income parameters were derived from the market place through the real estate sales and the sales verification process, as well as market surveys of rents within the area. Income tables were formulated during the 2004 revalue for the main business district of Vashon, neighborhoods 10 and 20, and individually applied to selected properties in the northern portion of neighborhood 30. The tables were applied to the different uses of income-producing properties in these neighborhoods.

The chart below lists the income parameters used in the process of developing the 2004 income approach to valuation.

Neighborhoods 10 & 20 & North Central portion of Neighborhood 30 (typically zoned CBP)

Office	range \$6 to \$16.20
Medical/Dental Office	range \$8 to \$18.75
Retail	range \$3.75 to \$12
Restaurants (table service)	range \$9 to \$16.62
Florist	range \$11 to \$12
Barber Shop/Salon	range \$9 to \$11
Bar / Tavern	range \$7 to \$16.20
Supermarket	range \$5.50 to \$8
Service Garages	range \$4.50 to \$8.75
Mini-Mart (no gas)	range \$6.25 to \$15.50
Medical Office	range \$8 to \$18.75
Storage (various)	range \$1.75 to \$4.50
Finished Basement	range \$2 to \$6
Unfinished Bsmt	range \$1.15 to \$3.20
Display/Off Mezz	range \$1 to \$5.50
Storage Mezzanine	range \$0.60 to \$2.40
Veterinary Hospitals	range \$6 to \$16

In neighborhoods 10, 20 and the north portion of 30, offices under 6,000 SF and retail under 8,000 SF have the following parameters for vacancy and credit loss, triple net expenses, and capitalization rates:

1) Vacancy and Credit Loss	All Ages	5%
2) Operating Expenses Age	1900 to 1959	10%
	Age 1960 to 2003	5%
3) Cap Rate	Age 1900 to 1959	10.00 %
	Age 1960 to 2003	9.50 %

For medical/dental offices and veterinary hospitals the vacancy and capitalization rates were the same as above but the operating expenses were as follows:

Age	1900 to 1959	15.00%
Age	1960 to 2003	10.00%

For all other uses the parameters are the same as the above office and retail parameters with the exception of the capitalization rates which were as follows:

Age	1900 to 1959	10.50 %
Age	1960 to 2003	10.00 %

In the outlying neighborhoods, values for the improved properties were selected using the income approach or the cost approach, with weight given to the four improved sales in the area. In the community of Burton three sales have occurred, including a multi-parcel sale of a Bed & Breakfast/Restaurant and an older single-family residence, a mixed use building with retail and three dwelling units, and the marina. In the Dockton area, one sale of a renovated office building transpired. Typically, values by the income approach were derived from using the income tables within neighborhoods 10 and 20, then discounting the total for locations outside of the Vashon business district.

Income approach calibration

The models were calibrated after setting base rents by utilizing adjustments based on effective age, quality of construction, size, and location.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed for correctness of the model application before final value selection. All factors analyzed in the process of establishing value utilizing the model were subject to adjustment by the appraiser. The market rents established in the income model were used as a guide in determining the market rental rates for assessment purposes. Adjustment parameters were stratified based on construction quality, effective age, size, and location. The market rental rates applied may vary somewhat, but fall within an acceptable range of deviation of the established guidelines. The Senior Appraiser, prior to posting, reviewed the final selected values.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

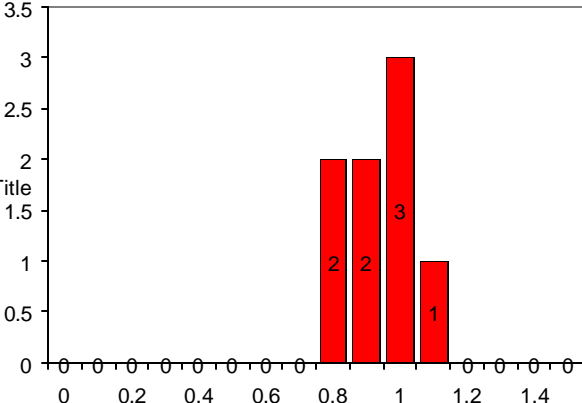
Although the limited number of sales impacts the meaningfulness of Ratio Study analysis, the assessed values adhere to the standard statistical measures of valuation performance set by the IAAO guidelines.

The total assessed value for the 2003 assessment year for Area 47 was \$91,866,000. The total recommended assessed value for the 2004 assessment year is \$92,093,505. Application of these recommended values for Area 47 in the 2004 assessment year (taxes payable in 2005) result in a total change from the 2003 assessments of .25%.

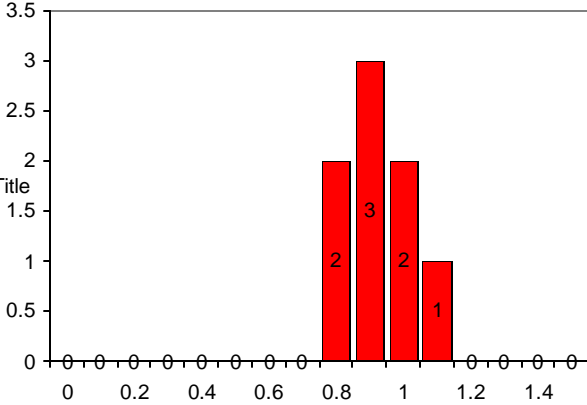
Previous market value parameters indicate little change; thus, the assessed values remain relatively static for the 2004 revalue with the exception of modifications to maintain uniformity.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

Area 047 - Vashon-Maury Island
2004 Assessment Year
Sales used w/2003 AV

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:				
Central Crew	1/1/2003	3/29/2004	7/12/01 - 3/18/03				
Area	Appr ID:	Prop Type:	Trend used?: Y / N				
47	MLEC	Improvement	N				
SAMPLE STATISTICS							
Sample size (n)	8	<div>Ratio Frequency</div> 					
Mean Assessed Value	494,400						
Mean Sales Price	536,400						
Standard Deviation AV	310,958						
Standard Deviation SP	284,832						
ASSESSMENT LEVEL							
Arithmetic mean ratio	0.886	<div>These figures reflect the 2003 assessed values as compared to the current market. There are too few sales in this analysis to provide statistically significant results.</div>					
Median Ratio	0.882						
Weighted Mean Ratio	0.922						
UNIFORMITY							
Lowest ratio	0.7621						
Highest ratio:	1.0570						
Coefficient of Dispersion	8.61%						
Standard Deviation	0.0954						
Coefficient of Variation	10.77%						
Price-related Differential	0.96						
RELIABILITY							
95% Confidence: Median							
Lower limit	0.762						
Upper limit	1.057						
95% Confidence: Mean							
Lower limit	0.819						
Upper limit	0.952						
SAMPLE SIZE EVALUATION							
N (population size)	181						
B (acceptable error - in decimal)	0.05						
S (estimated from this sample)	0.0954						
Recommended minimum:	14						
Actual sample size:	8						
Conclusion:	Uh-oh						
NORMALITY							
Binomial Test							
# ratios below mean:	4						
# ratios above mean:	4						
z:	-0.353553391						
Conclusion:	Normal*						
*i.e., no evidence of non-normality							

Area 047 - Vashon-Maury Island
2004 Assessment Year
Sales used w/2004 AV

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
Central Crew	1/1/2004	3/29/2004	7/12/01 - 3/18/03
Area	Appr ID:	Prop Type:	Trend used?: Y / N
47	MLEC	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	8	<div>Ratio Frequency</div> 	
Mean Assessed Value	485,700		
Mean Sales Price	536,400		
Standard Deviation AV	300,329		
Standard Deviation SP	284,832		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.879	<div>Axis Title</div>	
Median Ratio	0.864		
Weighted Mean Ratio	0.905		
UNIFORMITY			
Lowest ratio	0.7552	<div>These figures reflect the recommended 2004 assessed values as compared to the current market. There are too few sales in this analysis to provide statistically significant results.</div>	
Highest ratio:	1.0570		
Coefficient of Dispersion	8.19%		
Standard Deviation	0.0950		
Coefficient of Variation	10.81%		
Price-related Differential	0.97		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.755		
Upper limit	1.057		
95% Confidence: Mean			
Lower limit	0.813		
Upper limit	0.944		
SAMPLE SIZE EVALUATION			
N (population size)	181		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.0950		
Recommended minimum:	13		
Actual sample size:	8		
Conclusion:	Uh-oh		
NORMALITY			
Binomial Test			
# ratios below mean:	4		
# ratios above mean:	4		
z:	-0.353553391		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

Improvement Sales for Area 047 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par . Ct.	Ver. Code
047	010	292303	9068	7,500	1829734	\$800,000	07/12/01	\$106.67	VASHON HOME CENTER	BC	1	2
047	010	302303	9061	1,520	1859606	\$220,000	12/18/01	\$144.74	RETAIL/CONSIGNMENT SHOPS	BC	1	2
047	020	312303	9088	5,660	1946639	\$512,500	03/18/03	\$90.55	THEATER AND PARKING LOT	BC	2	2
047	020	322303	9019	5,576	1895572	\$439,000	06/24/02	\$78.73	TAVERN	BC	1	2
047	050	182203	9221	1,020	1889080	\$1,000,000	05/30/02	\$980.39	QUARTERMASTER HABOUR MARINA	CG	7	2
047	050	192203	9014	2,104	1892766	\$257,500	06/17/02	\$122.39	ANTIQUUE SHOP & APT	RM.9P	1	2
047	050	192203	9032	3,363	1890551	\$749,500	06/04/02	\$222.87	BED & BREAKFAST	BC-P	2	2
047	050	205120	0170	2,520	1906520	\$312,500	08/22/02	\$124.01	OFFICE	BRNP	1	2